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## **National Intelligence Daily**

Saturday 25 September 1982

State Dept. review completed

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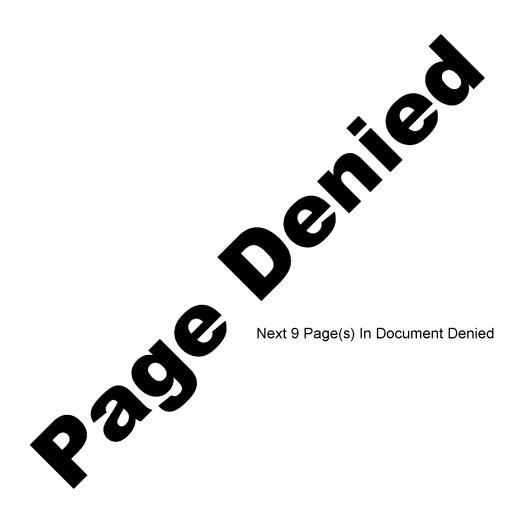
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ARGENTINA: Reconstituted Junta		
The reconstitution of the junta this week Argentine policy more coherent and may weaken Proposition.	is unlikely to make esident Bignone's	25 <b>X</b> 1
Comment: The return of the Navy an commanders to the junta ended the ruptur the Army's selection in July of General dent. The recent shakeup in the Navy an led to new commanders for the two servic the way for the junta's reunification.	e that followed Bignone as Presi d Air Force that	- 25X1
The reconstitution of the junta protein military to limit Bignone's freedom Navy and Air Force fought his selection, nationalistic elements in each service as oppose him on trying to take IMF-mandated measures and on other economic and politimeanwhile, inflationrunning at an annual percent for the last two monthsis cause	of action. The and strongly re likely to dausterity ical issues.	e 25X´
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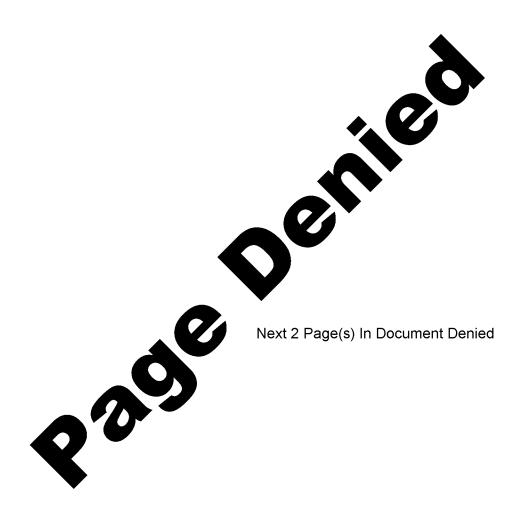
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Top Secret 25X1 25X1 INTERNATIONAL: Prospects for Increased Terrorism The massacre in Beirut will lead to increased terrorist attacks by the Palestinians and others against US, Israeli, and moderate Arab targets. 25X1 US Embassies in Kuwait and Tunisia have received bomb threats. Radical Palestinian groups not part of the PLO, such as the Black June organization and the 15 May organization, are already active. 25X1 Black June is targeting moderate Arab diplomats and 15 May is conducting a bombing campaign. On 17 September, the Lebanese Armed Revolutionary Faction bombed the vehicle of an Israeli diplomat in Paris. 25X1 25X1 Comment: Black June and 15 May are likely to consider attacking US targets because they hold Washington responsible for the massacre. The Lebanese Armed Revolutionary Faction, which probably is comprised in part of Palestinians, presents the most dangerous near-term threat to the It claims credit for the murder of a US military attache and two attempts to kill US diplomats in Paris. 25X1 PLO chief Arafat has tried to prevent the resumption of international terrorist attacks by PLO groups, but the massacre may present such a strong provocation that he will have to condone an attack against an Israeli target. Even if Arafat and other PLO leaders try to restrain more radical members, the latter may form new groups to carry out attacks. 25X1

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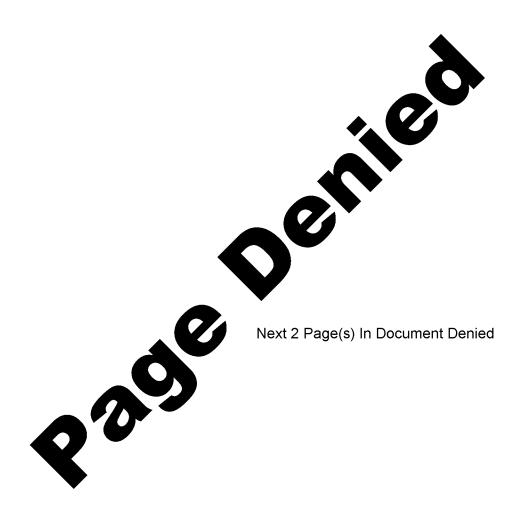
HUNGARY: Limited Financial Progress  A senior Hungarian banker has told the US Embassy that Hungary's reserves would be insufficient to meet immediate obligations if the Bank for International Settlements does not approve a \$300 million short-term loan next week. The country's reserves have fallen in recent weeks because of additional withdrawals by CEMA banks. The IMF team in Budapest expects the Fund to inform the BIS that progress has been made in negotiating an economic stabilization program. The BIS has insisted on such an indication from the IMF before it approves the loan request.  Comment: Although the banker may have exaggerated the immediacy of Hungary's financial needs, Budapest requires more funds from the BIS or the IMF to remain solvent through this year. The IMF statement and Budapest's recent actions to improve its payments position are likely to win BIS approval of the loan. Even with these emergency funds, Hungary faces more painful austerity measures if it is to avoid debt rescheduling.  25X1		Top Secret	
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